

## Big Six Go Pro Bono

The "Big Six" accounting firms are learning that corporate philanthropy can help keep their bottom lines black. The nation's accounting giants are all stepping up pro bono work. The reason? The advent of spread sheet PC programs cut into the industry's income base—auditing and bookkeeping. The firms have turned towards management consulting to generate new income. They are finding that volunteerism helps them overcome their bookish image.

By way of explanation, the Big Six, formerly the "Big Eight" are: Arthur Anderson, (which called off a merger with Price Waterhouse Sept. 25), Ernst & Young (formerly Ernst & Whinney and Arthur Young & Co.), Coopers & Lybrand, Deloitte Haskins & Sells (in the process of merging with Touche Ross), KPMG Peat, Marwick, Main & Co. (formerly KMG Main Hurdman and Peat, Marwick, Mitchell & Co.), Price Waterhouse and Touche Ross (no name change yet).

In the past the Big Six traditionally limited their philanthropy to colleges and universities, especially accounting chairs and departments. Since these companies recruit straight out of college, the accounting firms use their campus-based support to build their image with prospective employees. A typical recent example: Price Waterhouse Foundation made a \$150,000 grant to Notre Dame to establish a "Price Waterhouse Faculty Fellowship" program in the department of accounting.

These practices continue, but are being augmented by more broad-based pro bono work, a new concept in the conservative accounting profession in a style that is similar to advocacy-oriented lawyers. Unlike lawyers, accountants have typically viewed their services on a fee basis only. "The idea of public service had been furthest from their minds," says John Paul Dalsimer of Energize Associates in Philadelphia, who helped found the nonprofit volunteer group Accountants for the Public Interest in 1974. Furthermore, accountants have traditionally prided themselves on objectivity, not advocacy.

Some firms do pro bono work directly, others distance themselves from potentially controversial public service causes (and possible conflicts with their clients) by working through organizations such as Accountants for the Public Interest, a recent citationist in the 1989 President's Volunteer

Action Awards. API coordinated 20,000 hours of pro bono work worth \$1.5 million in 1988. It also refers nonprofits to nearly 200 other groups which also perform free services for nonprofits, individuals and small businesses.

The number of hours donated by the accounting firms through API is growing every year. And the Big Six is updating its philanthropy in other areas as well, exploring other areas of pro bono work such as convening. For instance, Coopers & Lybrand's Boston office helped the New England Medical Center publicize a little-known tax credit that rewarded corporations funding scientific research.

Ethics is the big fad when it comes to accounting firms' support of business schools. Accounting firms all support ethics programs, both on their own (i.e. Arthur Anderson's \$5

million program reported in *CPR's* July issue) and through the American Accounting Association, Sarasota, Florida.

Along with the rest of corporate America, accountants are also reaching further back on the academic track to raise performance. All 100 Coopers & Lybrand offices are now involved in local volunteer education programs such as mentoring and adopt-a-school through the firm's 3-year old "Supporting Youth Education" program.

Despite these changes, secrecy and up-tightness still characterizes much of the philanthropy of the Big Six. In the Big Six, philanthropy operates without a budget and foundations are headed by partners with many other, more pressing duties. The situation explained by one impatient secretary of a foundation director, who did not return *CPR's* calls: "It's not a public company, it's a private company and the partners pretty much run the place. If they want somebody to make a contribution, they get it."

Volunteer work can not only raise their profile but boost office unity and morale. In 1988, the Washington D.C. office of Touche Ross sponsored the Stamp Award for best-run nonprofit that gave the winner, Iona House, favorable publicity in addition to a \$10,000 grant. The event was a lot of work, "but a wonderful success," says a Touche Ross employee. "It was the first (volunteer) activity involving the whole office." Brent Inman, administrator for Cooper & Lybrand's foundation, says that support of local universities is "a good rallying point" for C&L offices.

Nonprofits are also an increasing source of Big Six

### Accountants for the Public Interest

API's volunteer accountants assist nonprofits, small businesses and individuals as well as working on public issue studies. For example, the API/Support Center of New York offers a seminar series of 12 workshops geared to Hispanic organizations; volunteers from Chicago's API office oversaw distribution of a settlement from a class-action lawsuit to 67 low-income women; and members of the Accounting Aid Society in Detroit spent 10,000 hours helping 6,550 persons with their income tax (total refunds: \$3 million). In conjunction with the American Institute of Certified Public Accountants, API has also published a 90-page directory listing API affiliates plus 200 additional independent programs nation-wide. The directory is available to nonprofits for \$3 (to cover postage and handling). If a nonprofit requests information on a particular state, API will photocopy those pages and mail them free.

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income. Since they conduct fund-raising drives, they often need to prepare financial reports more thoroughly and completely than privately held firms. The trade-off is that "they never want to pay full fees," according to one independent accountant. Responding to the expanding market for accounting services offered to universities and hospitals, most Big Six firms have established not-for-profit or "higher education" divisions. Some suspect the directors of these divisions use pro bono work to angle for paid consultations.

(*Arthur Anderson, Don Baker 312/507-3489; Ernst & Young, Richard Lemieux 212/830-6000. Ernst & Young has yet to make decisions concerning the possible merger of its foundations and philanthropic activities. Information should be available in December or January. Coopers & Lybrand, Adam Bubrow, 212/536-2000; Deloitte Haskins & Sells, Jim Older, 212/790-0500; KPMG Peat, Marwick, Main & Co., Elizabeth Ernst, 201/307-7151; Price Waterhouse, Francis N. Bonsignora 212/489-8900; Touche Ross, Marvin Frankel 212/489-1600.*)